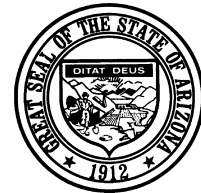


ARIZONA

TAXNEWS



Janet Napolitano, Governor

J. Elliott Hibbs, Director

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AZTSC DEMONSTRATION DATE SET

The Month of May will be a busy time for the BRITS team as it demonstrates its web-based Arizona Taxpayer Service Center (AZTSC) to businesses and practitioners. A focus group has been scheduled for May 21 and all area/ state practitioners are welcome to attend. The focus group will be held at the Accenture office in Phoenix. The presentation and discussion are designed to assist the agency in fine tuning the functionality of the AZTSC to the needs of Arizona taxpayers and practitioners as well as

give its attendees a preview of what's to come at the Department. The presentation will focus on 4 key areas: registration, filing, paying, and interaction with the Department. Input from the practitioner community is crucial to successful implementation and use of this exciting new capability. If you are interested in participating in our focus group, please contact Tom Waters, BRITS Communication Group, to register and receive specific location information at waterst@revenue.state.az.us.

ITIN APPLICANTS MUST USE NEW FORM STARTING APRIL 15

WASHINGTON – The Internal Revenue Service reminds resident and non-resident aliens applying for an Individual Taxpayer Identification Number to use the newly revised Form W-7 beginning April 15.

The new application form requests additional information. The application is available in both English and Spanish on the IRS Web site, IRS.gov. The English language version of Form W-7 is available at www.irs.gov/pub/irs-pdf/fw7.pdf. The Spanish language version, Form

W-7(SP), is available at www.irs.gov/pub/irs-pdf/fw7sp.pdf. They are also available by calling the toll-free Forms and Publications order line at 1-800-829-3676.

To ensure timely approval, ITIN applicants should make sure they are using the new form. Old application forms used after April 15 will be returned to the applicant.

Along with their application, applicants must also submit documents proving their alien status and their identity. Individuals can mail the documentation to the Internal Revenue Service, Philadelphia Service Center, ITIN Unit, P. O. Box 447, Bensalem, PA 19020, process the application through an IRS authorized acceptance agent or submit their application at an IRS Taxpayer Assistance Center.

(Continued on page 3)

ARIZONA DEPARTMENT OF REVENUE

MISSION STATEMENT

The purpose of the Arizona Department of Revenue is to promote voluntary compliance with all tax obligations through fair administration, firm enforcement, and prompt and courteous service in a manner that justifies the highest degree of public confidence in our efficiency and integrity.

WE'RE ON THE WEB!

The Arizona Tax News can be viewed on our Internet website:

www.revenue.state.az.us

***** REMINDER *****

FOR NON-EFT TPT FILERS

To avoid a delinquency, postmark your April 2003 TPT return no later than May 27, 2003 or deliver to DOR no later than May 29, 2003.

February Summary of General Fund Revenues

	<u>February 2003</u>	<u>Fiscal Year Total</u>
Individual Income Tax		
Net Collections	\$30,767,556	\$1,239,985,641
Percent Change*	(9.6%)	(5.6%)
Corporate Income Tax		
Net Collections	\$1,395,453	\$166,097,006
Percent Change*	N/A	(3.7%)
Transaction Privilege, Severance & Use Taxes		
Net Collections	\$235,803,427	\$2,014,338,147
Change *	1.7%	2.2%
Total Big Three Tax Types		
Net Collections	\$267,966,436	\$3,420,420,794
Percent Change*	1.8%	(1.1%)

() Decrease from same month last year.

* Percent change from same month last year.

Individual Income Tax

Individual Income Tax Receipts

	February 2003	February 2002	% Change
Gross Collections	\$10,017,378	\$9,045,840	10.7
Withholding	192,708,648	198,723,432	(3.0)
Refunds	(136,078,548)	(138,564,965)	(1.8)
Urban Rev Sharing	(35,879,921)	(35,156,381)	2.1
Net Collections	\$30,767,556	\$34,047,926	(9.6)
%			
Fiscal Year Total	(02/03)	(01/02)	Change
Gross Collections	\$248,681,988	\$276,478,184	(10.1)
Withholding	1,533,067,180	1,567,093,137	(2.2)
Refunds	(254,724,159)	(248,684,996)	2.4
Urban Rev Sharing	(287,039,368)	(281,251,048)	2.1
Net Collections	\$1,239,985,641	\$1,313,635,276	(5.6)

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. After offsetting \$55,629 in tax liability, refunds for this credit totaled \$179,472. This amount does not include withholding and estimated payments returned to taxpayers because their liability was covered by the alternative fuel vehicle credit.

TAX CALENDAR

MAY 2003

Due Date		For Period Ending
15	Income Tax Returns: Form 120: Corporation Form 140: Individual Form 141: Fiduciary Form 165: Partnership	1/31/03
15	Form 120: Corporation with Automatic Extension	7/31/02
15	Form 120S: S Corporation	2/28/03
15	Form 99: Exempt Organization Annual Information Return	
	Form 99T: Exempt Organization	1/31/03
15	Form 120ES: Estimated Tax Payment, Corporation	
	First Installment	1/31/04
	Second Installment	11/30/03
	Third Installment	8/31/03
	Fourth Installment	5/31/03
20	Form TPT-1: Transaction Privilege Tax: April Monthly Filers	4/30/03
20	Bingo: Financial Reports	4/30/03
20	Luxury Tax: Various Forms	4/30/03
26	State Holiday - Memorial Day All State Offices Closed	
27	EFT Form TPT-1 and Payment: Transaction Privilege Tax: April Monthly Filers	4/30/03

Withholding Tax Payment Information:

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **exceeds** \$1,500 the employer must make its Arizona withholding payments to the Department of Revenue at the same time as the employer is required to make federal withholding deposits.

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **does not exceed** \$1,500 the employer must make its Arizona withholding payments to the department on a quarterly basis.

The *Arizona TaxNews* is a publication of the Arizona Department of Revenue. Information contained herein is of a general nature and is not designed to address complex issues in detail. Taxpayers requiring information concerning a specific tax matter should contact the appropriate office. This newsletter is available in an alternative format upon request. Subscription information may be obtained from the Publications Unit at 602-542-4672 or toll free from area codes 520 & 928, 1-877-863-0655.

THANK YOU TAX PRACTITIONERS

The department would like to extend a special thank you to the electronic return tax professional community for making this another successful "paperless" tax season. Because of your commitment to the e-File program, the number of electronically filed returns increased by nearly 53%. Another increase was noted in the number of direct

deposit of refunds. More than 367,000 taxpayers used the direct deposit option compared to only 198,500. In addition, more than 2% of the taxpayers took advantage of the convenience of Electronic Funds Withdrawal (direct debit) during the first year the option was available. Again, Thank You for your support!

YAVAPAI COUNTY JAIL TAX INCREASE

Effective 7/1/2003: The Yavapai County Board of Supervisors voted to increase the County Jail Tax. The new county rate for most business classifications will be 0.25% or .0025. That would be 25¢ (previously 20¢) tax on a \$100 transaction. Exceptions include nonmetal

mining (0.156% or .00156), hotel/motel (0.275% or .00275), and jet fuel excise tax (0.152% or .00152). The total combined state and county rate for most transactions will be 6.35%. For more information, check our web site (www.revenue.state.az.us).

CHANGE IN TOWN TAX CODE— TOWN OF SNOWFLAKE

Effective June 1, 2003: The Mayor and Town Council of Snowflake passed ordinance number 03-219. Ordinance 03-219 increases the **Additional Tax on Transient Lodging** from **2% to 4%**. The Additional Tax on Transient Lodging shall be reported using code **SN1**.

The total town rate for transient lodging is 6%, 2% which is reported using code **SN** and 4% which is reported using code **SN1**. Ordinance 03-219 also increases the tax rate on **Restaurants and Bars** from **2% to 3%**. The 3% on Restaurants and Bars shall be reported using code **SN3**.

ITIN Applicants

(Continued from page 1)

The IRS issues the nine-digit numbers to individuals who must have a U.S. taxpayer identification number but who aren't eligible for a Social Security number. ITINs are for tax purposes only and don't affect immigration status,

authorize work in the U.S. or provide eligibility for Social Security benefits or the Earned Income Tax Credit.

From the IRS...

IRS PROVIDES TAX ASSISTANCE TO MILITARY FAMILIES— **NEW WEB PAGE CREATED FOR U.S. ARMED SERVICES**

Many residents of the states of Arizona are serving in the U.S. armed services during the current conflict. In order to assist those and all military families, the Internal Revenue Service has created a new section on its Web site containing important information to help ensure members of the U.S. Armed Forces serving in a combat zone get all the benefits available to them.

The new information is available on the front page of WWW.IRS.GOV by clicking on "Armed Forces Tax Benefits." You may also type in the URL <http://www.irs.gov/newsroom/article/0,,id=97273,00.html> to get to the proper page.

The new section highlights several tax provisions that apply to those in combat, which can include extensions for filing tax returns, paying taxes, and exclusion of some military pay from taxes.

The IRS automatically extends the deadline for filing tax returns, paying taxes, filing claims for refund and taking other actions related to federal income tax for U.S. Armed Forces personnel serving in a combat zone. The IRS also extends the deadline for those in the U.S. Armed Forces deployed overseas away from their permanent duty station in support of operations in a qualified hazardous duty area but who are outside that area.

The deadline for filing returns, making payments or taking any other action with the IRS is extended for at least 180 days after:

- The last day of qualifying combat zone service, or
- The last day of any continuous qualified hospitalization for injury from the combat zone.

The IRS is currently working with the military to obtain information about reservists and regular military personnel serving in combat areas. During this interim period, people in the military, their spouses or their authorized representatives have several options to claim the filing extensions or filing exclusions:

- When filing returns, mark "Combat Zone" at the top of the form along with the date of deployment.

- Contact the IRS through the special e-mail address at IRS.gov. Correspondence should include the name, date of birth, and date of deployment of the service member. (No Social Security numbers should be included in the e-mail.) The IRS emphasizes only military-related e-mails should go to this address. Calls can also be made to the main IRS help line at 800-829-1040.

These two steps also apply if a notice inadvertently goes to an individual serving in a combat zone or his or her spouse. The notice can be deferred by following the e-mail steps or by sending the notice back to the IRS marked with the words "Combat Zone" and the date of deployment.

The IRS plans to take additional steps and provide additional guidance on issues involving military personnel and combat zones. This new information will also be posted to the Armed Forces page of IRS.gov.

WITHHOLDING MAILINGS RETURN

In response to customer's requests, the department is reinstituting the mailing of withholding tax forms. Employers who are required to remit their Arizona withholding to the state on a monthly or quarterly basis may use the A1-QRT (EZ) to file their monthly or quarterly reports. This simpler form can be used by all Arizona employers whose average quarterly Arizona withholding is \$1,500 or less plus all Arizona employers whose annual federal payroll tax liability is \$50,000 or less. At least 50,000 employers qualify.

If you would prefer not to receive the forms, please contact License and Registration via mail at 1600 W Monroe, Phoenix AZ 85007 or telephone, 602-255-2060 or from area codes 520 and 928, 1-800-843-7196. Please provide your license number, business name and address, and a contact name and telephone number.

When you elect to be removed from the mailings, your due dates for filing timely returns will not change.

EMPLOYER POTPOURRI 2003

The Community OutReach and Education (CORE) section of the Arizona Department of Revenue invites employers and tax professionals to attend the 5th annual Employer Potpourri. This is a rare opportunity to get comprehensive information from representatives of several federal and state agencies. You may also be eligible for Continuing Professional Education Credit (CPE).

Cost of the program is \$75 per person. Schedule in Tucson, Mesa, and Phoenix:

- **Tucson—June 10,** Radisson Hotel City Center Tucson
181 W Broadway
- **Mesa—June 12,** Sheraton Phoenix East
200 N Centennial Way
- **Phoenix—June 17,** Ramada Hotel (formerly Red Lion Phoenix North)
12027 N 28 Dr.

For more information, check CORE's website at www.revenue.state.az.us/seminar.htm. You may register online or call 602-542-3062 or toll free from area codes 520 & 928, 1-877-863-0655.

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